

**GAS UTILITY DISTRICT NO. 2  
OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED  
AUGUST 31, 2013**

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2013**

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CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2013**

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**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

Michael Bradford and Board Members of the  
Gas Utility District No. 2 of East Feliciana Parish  
P. O. Box 9  
Clinton, Louisiana 70722

*Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish as of August 31, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

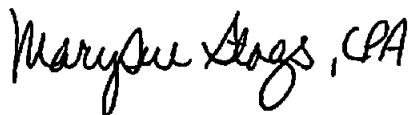
#### *Other Matters - Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the component unit financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2014, on our consideration of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting and compliance.



Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
Baker, LA  
February 10, 2014

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**BASIC FINANCIAL STATEMENTS**

**REQUIRED SUPPLEMENTAL INFORMATION**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2013**

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Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

The financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) supplementary information.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

**Proprietary funds.** The District maintains only one type of proprietary fund – enterprise fund. *Enterprise funds* are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for gas services provided to customers within its boundaries.

Statements include the following:

**Statement of Net Position.** This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

**Statement of Revenues, Expenses and Changes in Net Position.** This statement presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

**Statement of Cash Flows.** The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 9-13 of this report.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2013**

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**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 15 with the actual notes beginning immediately afterwards.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's activity such as comparative and statistical data as well as compensation paid to board members, insurance in force and gas losses.

**Other Information.** Additionally, this report also presents certain other information that is deemed helpful to the users of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net position is an indicator of the District's financial position from year to year. A summary of net position follows.

**SUMMARY OF NET POSITION  
Business-type Activities**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets	\$ 479,400	\$ 376,015
Investments (unrestricted portion)	240,403	243,201
Restricted assets	86,669	143,219
Capital assets, net	360,285	335,575
Other assets	<u>15</u>	<u>15</u>
Total Assets	1,166,772	1,098,025
 <b>Liabilities</b>		
Current liabilities	<u>109,825</u>	<u>113,519</u>
 <b>Net Position</b>		
Net investment in capital assets	360,285	333,745
Restricted	86,669	143,219
Unrestricted	<u>609,993</u>	<u>507,542</u>
Net Position	<u>1,056,947</u>	<u>984,506</u>



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2013**

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A summary of changes in net position is as follows:

**SUMMARY OF CHANGES IN NET POSITION  
Business-type Activities**

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Charges for services	\$ 580,198	\$ 518,013
Non-operating revenues	<u>56,265</u>	<u>4,310</u>
Total Revenues	636,463	522,323
<b>Expenses</b>		
Operating	564,022	526,472
Non-operating expenses	<u>-0-</u>	<u>233</u>
Total Expenses	564,022	526,705
Change in net position	72,441	(4,382)
Net position, beginning	<u>984,506</u>	<u>988,888</u>
Net position, ending	<u>1,056,947</u>	<u>984,506</u>

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS  
Business-type Activities**

	<u>2013</u>	<u>2012</u>
<b>Cash and cash equivalents provided by (used for):</b>		
Operating activities	\$ 50,478	\$ (2,917)
Non-capital financial activities	54,650	-0-
Capital and related financing activities	(1,829)	(16,804)
Investing activities	<u>(59,441)</u>	<u>123</u>
Net Change in Cash and Cash Equivalents	43,858	(19,598)
Cash and cash equivalents, beginning of year	<u>376,489</u>	<u>396,087</u>
Cash and cash equivalents, end of year	<u>420,347</u>	<u>376,489</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2013**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* The District's investment in capital assets, net of accumulated depreciation and related debt at August 31, 2013 and 2012, was \$360,285 and \$333,745, respectively. There was \$59,600 in capital expenditures during the current year related to overhead creek crossings.

Capital assets at year-end are summarized as follows:

<b>CAPITAL ASSETS</b>		
<b>Net of Accumulated Depreciation</b>		
<b>Business-type Activities</b>		
	<u>2013</u>	<u>2012</u>
<b>Non-depreciable Assets</b>		
Land	\$ 31,000	\$ 31,000
<b>Depreciable Assets</b>		
Gas distribution system	212,823	166,493
Furniture	548	956
Machinery & equipment	34,294	39,307
Vehicles	14,062	27,502
Building and improvements	<u>67,558</u>	<u>70,317</u>
Capital Assets, net	<u>360,285</u>	<u>335,575</u>

*Debt Administration:* Long-term debt of the District included payment of bonds. Total bonded debt outstanding at August 31, 2012, was \$1,830 which was paid off in April of 2013.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Vicki Stalnaker, Gas Utility District No. 2 of East Feliciana Parish, P. O. Box 9, Clinton, Louisiana 70722 or 225-683-9416.

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**BASIC FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET POSITION  
AUGUST 31, 2013**

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<b><u>ASSETS</u></b>	<b><u>Business-type Activities</u></b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 420,347.11
Investments	240,402.91
Accounts receivable, net of allowance for doubtful accounts of \$867.10	20,567.93
Unbilled receivables	13,205.79
Accrued interest receivable	307.15
Inventory	4,838.56
Prepaid expenses	<u>20,134.00</u>
<b>Total Current Assets</b>	<b>719,803.45</b>
<b>Restricted Assets:</b>	
Investments	86,668.50
<b>Capital Assets:</b>	
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,115,028.32	360,285.09
<b>Other Assets:</b>	
Deposits	<u>15.00</u>
<b>Total Assets</b>	<b>1,166,772.04</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>-</b>

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET POSITION (Continued)  
AUGUST 31, 2013**

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<u>LIABILITIES</u>	<u>Business-type Activities</u>
<b>Current Liabilities:</b>	
Payable from current assets:	
Accounts payable	\$ 9,421.09
Accrued salaries payable	3,299.25
Payroll withholdings and related payables	2,494.55
Compensated absences	<u>7,941.58</u>
<b>Total Current Liabilities (Payable from Current Assets)</b>	<b>23,156.47</b>
Payable from restricted assets:	
Customer deposits	<u>86,668.50</u>
<b>Total Current Liabilities (Payable from Restricted Assets)</b>	<b><u>86,668.50</u></b>
<b>Total Current Liabilities/Total Liabilities</b>	<b>109,824.97</b>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	 <u>-</u>
 <u>NET POSITION</u>	
Net investment in capital assets	360,285.09
Restricted	86,668.50
Unrestricted	<u>609,993.48</u>
<b>Total Net Position</b>	<b><u><u>1,056,947.07</u></u></b>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED AUGUST 31, 2013**

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	<b><u>Business-type Activities</u></b>
<b><u>OPERATING REVENUES</u></b>	
Charges for services:	
Gas sales	\$ 576,307.21
Late/reconnection charges	165.00
Tap fees	2,200.00
Miscellaneous refunds/reimbursements	<u>1,526.21</u>
<b>Total Operating Revenues</b>	<b>580,198.42</b>
 <b><u>OPERATING EXPENSES</u></b>	
Administrative	30,976.53
Depreciation	34,889.71
Employee and related expenses	223,120.79
Occupancy	39,521.61
Personal services	<u>235,514.10</u>
<b>Total Operating Expenses</b>	<b><u>564,022.74</u></b>
<b>Operating Income</b>	<b>16,175.68</b>
 <b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest earned	1,614.93
Grant proceeds	<u>54,650.00</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>56,264.93</u></b>
<b>Change in Net Position</b>	<b>72,440.61</b>
 Net Position, beginning	<u>984,506.46</u>
 Net Position, ending	<b><u><u>1,056,947.07</u></u></b>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2013**

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	<b>Business-type Activities</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 582,152.21
Cash paid to suppliers for goods/services	(305,511.51)
Cash paid to employees for services	(226,162.58)
Net Cash Provided by Operating Activities	<u>50,478.12</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Grant proceeds received	<u>54,650.00</u>
Net Cash Provided by Non-Capital Financing Activities	<u>54,650.00</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on bond maturities	<u>(1,829.64)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,829.64)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of capital assets	(59,600.00)
Interest received	2,341.22
Investments matured/reinvested	(2,181.79)
Net Cash Used for Investing Activities	<u>(59,440.57)</u>
Net Increase in Cash and Cash Equivalents	43,857.91
Cash and Cash Equivalents, beginning of year	<u>376,489.20</u>
Cash and Cash Equivalents, end of year	<u><u>420,347.11</u></u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS (Continued)  
YEAR ENDED AUGUST 31, 2013**

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	<b><u>Business-type Activities</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 16,175.68
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	34,889.71
(Increase) decrease in assets:	
Accounts receivable	200.25
Prepaid expenses	1,076.75
Increase (decrease) in liabilities:	
Accounts and other payables	(576.02)
Compensated absences and salaries payable	(3,041.79)
Customer deposits	<u>1,753.54</u>
Net Cash Provided by Operating Activities	<u><u>50,478.12</u></u>

See Accompanying Notes and Independent Auditors' Report



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**BASIC FINANCIAL STATEMENTS**  
**NOTES TO FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**INTRODUCTION**

The Gas Utility District No. 2 of East Feliciana Parish (hereinafter referred to as the District), located just outside of Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana R.S. 33:4301 in 1970. It operates under a president-board form of government whose appointments are made by the East Feliciana Parish Police Jury. The District was created to provide gas services to the citizens of East Feliciana Parish residing within the boundaries of the District.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because the Police Jury appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**Fund Accounting:** The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Proprietary Funds** – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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funds of the District include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of business-type activities are included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

**Operating/Non-Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's gas services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**Receivables:** The District has a policy of recognizing bad debt on gas billings at the time information becomes available that indicates the bill is uncollectible. At the time an account is disconnected for nonpayment, the District continues to send bills to the customer as long as there is a valid address. At the end of the year, the allowance for uncollectible accounts is adjusted to reflect an estimated amount of the final accounts that the District expects to write-off.

The District's billing cycle extends into the subsequent year. An estimate for unbilled gas services is calculated at year-end based on the gas billed in the immediate subsequent period and the number of days of gas usage through the last day of the fiscal year. This amount is recorded separately on the accompanying financial statements.

**Inventory:** Inventory of the District includes various supplies and parts used to maintain its gas distribution system. It is recorded at lower of cost or market utilizing the average cost valuation. Gas in the District's lines is expensed when purchased. The amount remaining in the lines at any given time is not material to the accompanying financial statements and, therefore, not included in inventory.

**Prepaid Expenses:** Prepaid expenses include payments for insurance coverage with expiration dates extending beyond August 31, 2013, which was \$20,134 at year-end.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is computed using the straight-line method of depreciation over the following lives – gas system 5-40 years; furniture and machinery 3-8 years; vehicles 3-5 years and buildings 10-40 years.

**Compensated Absences:** Vested or accumulated vacation leave is recorded as both a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

At year-end, the total liability for unused vacation time of the District was \$7,941.58.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**Net Position:** In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

*Net Investment in Capital Assets*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Position*

Net position that are reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net position are recorded separately from expendable net position. These are components of restricted net position.

*Unrestricted Net Position*

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand (book balances) of the District are as follows:

Demand deposits	\$ 4,020.11
Interest-bearing demand deposits	357,958.79
Money market savings	<u>58,368.21</u>
Total	<u>420,347.11</u>

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay the deposited funds upon demand.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk. All are insured through both federal deposit insurance and collateral pledged on their behalf by the prospective financial institution in which funds are held.

**NOTE 3 – INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the District fall within category 1. The balances at August 31, 2013, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 327,071.41	\$ 327,071.41	\$ 327,071.41

Of the balances included above, \$86,668.50 is restricted for customer deposits.

**NOTE 4 – RECEIVABLES**

The net receivables at August 31, 2013, are as follows:

Class of Receivables

Trade	\$ 21,435.03
Unbilled Receivables	13,204.79
Allowance for bad debts	<u>(867.10)</u>
Net	<u>33,772.72</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 31,000.00	\$ .00	\$ .00	\$ 31,000.00
Capital Assets, being depreciated				
Gas distribution system	1,075,459.97	59,600.00	.00	1,135,059.97
Less: accumulated depreciation	<u>908,966.29</u>	<u>13,270.85</u>	<u>.00</u>	<u>922,237.14</u>
Net Distribution System	166,493.68	46,329.15	.00	212,822.83
Furniture	28,938.91	.00	.00	28,938.91
Less: accumulated depreciation	<u>27,983.35</u>	<u>407.78</u>	<u>.00</u>	<u>28,391.13</u>
Net Furniture	955.56	(407.78)	.00	547.78
Machinery & equipment	64,034.66	.00	.00	64,034.66
Less: accumulated depreciation	<u>24,727.87</u>	<u>5,012.39</u>	<u>.00</u>	<u>29,740.26</u>
Net Machinery & Equipment	39,306.79	(5,012.39)	.00	34,294.40
Vehicles	100,813.47	.00	.00	100,813.47
Less: accumulated depreciation	<u>73,311.78</u>	<u>13,439.69</u>	<u>.00</u>	<u>86,751.47</u>
Net Vehicles	27,501.69	(13,439.69)	.00	14,062.00
Building and improvements	115,466.40	.00	.00	115,466.40
Less: accumulated depreciation	<u>45,149.32</u>	<u>2,759.00</u>	<u>.00</u>	<u>47,908.32</u>
Net Building and Improvements	70,317.08	(2,759.00)	.00	67,558.08
Capital Assets, being depreciated, net	<u>304,574.80</u>	<u>24,710.29</u>	<u>.00</u>	<u>329,285.09</u>
Capital Assets, net	<u>335,574.80</u>	<u>24,710.29</u>	<u>.00</u>	<u>360,285.09</u>



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The payables at August 31, 2013, are as follows:

**Class of Payable**

Trade	\$ 9,421.09
Accrued salaries payable	3,299.25
Payroll withholdings and related	2,494.55
Compensated absences	7,941.58
Customer deposits	<u>86,668.50</u>
 Total	 <u>109,824.97</u>

**NOTE 7 – LONG-TERM LIABILITIES**

*Revenue Bonds.* The District issued bonds through the U.S. Department of Agriculture – Farmer's Home Administration to fund gas line extensions beginning in 1998. Repayment is made with an annual payment of \$16,804 due in April of each year through 2013, at an interest rate of 5.75%

The following is a summary of changes in long-term liabilities for the year ended August 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue	\$ <u>1,829.64</u>	\$ <u>.00</u>	\$ <u>1,829.64</u>	\$ <u>.00</u>	\$ <u>.00</u>

**NOTE 8 – LEASES**

*Operating Leases.* The District does not have any operating leases.

*Capital Leases.* The District has no capital leases.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**NOTE 9 – RETIREMENT PLAN**

The District established a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for employees who meet the eligibility requirements set forth in the plan. Employer contributions are determined as a percent of compensation paid each year to eligible participants. The employer contributions for 2013 and 2012 were \$5,790 and \$1,001, respectively. An independent plan administrator administers the plan through administrative service agreements. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

**NOTE 10 – VACATION AND SICK LEAVE**

The District's employees earn vacation time at varying rates based on their years of service following their initial 90 days of employment. They may carry up to one week into the subsequent period and may be paid for unused vacation time upon termination at the discretion of the Board. Employees earn 1 day per month in sick leave and may accrue this leave without limitation. Unused sick leave is not paid upon termination.

There was \$7,941.58 in accrued vacation leave earned at August 31, 2013.

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide post-employment benefits.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

There were no related party transactions requiring disclosure.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2013**

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

*Commitments:* The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year.

The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract is for a ten year period, ending July 31, 2016, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination.

*Litigation/Claims:* There is no litigation that would require disclosure in the accompanying basic financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES  
YEARS ENDED AUGUST 31, 2013 AND 2012**

	<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>
<b><u>ADMINISTRATIVE</u></b>		
Billing expenses	\$ 4,582.26	\$ 2,660.66
Board meetings/travel	7,759.90	9,002.00
Office and supplies	4,090.20	9,730.72
Office repairs/maintenance	5,448.56	1,374.14
Professional fees	8,679.75	11,594.39
Travel	415.86	706.89
Total Administrative	30,976.53	35,068.80
<b><u>DEPRECIATION</u></b>	34,889.71	32,307.61
<b><u>EMPLOYEE AND RELATED EXPENSES</u></b>		
Health insurance	22,228.50	20,261.85
Payroll taxes	13,534.16	9,280.93
Retirement	5,790.40	1,001.18
Salaries and wages	172,304.37	170,210.50
Uniforms	4,811.36	4,882.51
Workers' compensation	4,452.00	3,798.50
Total Employee and Related Expenses	223,120.79	209,435.47
<b><u>OCCUPANCY</u></b>		
Insurance	32,655.00	20,427.08
Telephone	3,403.80	4,633.26
Utilities	3,462.81	1,473.19
Total Occupancy	39,521.61	26,533.53
<b><u>PERSONAL SERVICES</u></b>		
Gas purchases	182,293.76	143,062.27
Fuel - trucks	18,324.21	19,255.97
Fuel - other	127.41	89.29
Maintenance and repairs	29,790.20	46,287.25
Maintenance and repairs - trucks/other	4,978.52	14,430.31
Total Personal Services	235,514.10	223,125.09
<b>TOTAL OPERATING EXPENSES</b>	<b>564,022.74</b>	<b>526,470.50</b>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATISTICAL DATA  
YEAR ENDED AUGUST 31, 2013**

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<u>Month</u>	<u>No. of Customers</u>	<u>Gas Sales in MCFs</u>
September	1007	1,455
October	1014	3,314
November	1016	5,476
December	1016	7,778
January	1015	7,688
February	1016	5,379
March	1015	3,580
April	1014	2,342
May	1006	1,843
June	1004	1,407
July	1005	1,380
August	1006	1,533

Average No. of Customers 1,011

Total MCFs of Gas Sold 43,175

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS  
YEAR ENDED AUGUST 31, 2013**

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<u>Board Member</u>	<u>Amount Paid</u>
Allen, Donna	\$ 825.00
Armstead, Dexter	1,650.00
Bryant, Garland	600.00
McGehee, Merlin	1,725.00
Siebert, Eileen	150.00
Spears, Leon	<u>1,800.00</u>
Total Compensation (per diem) Paid to Governing Members	<u><u>6,750.00</u></u>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
AUGUST 31, 2013**

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<u>Policy No.</u>	<u>Expiration</u>	<u>Carrier</u>	<u>Coverage</u>	<u>Amount</u>
601-18201858	3/22/2014	Western Surety Company	Fidelity bond:	
			President	\$ 100,000.00
			Secretary	\$ 100,000.00
			Commissioners (each x 5)	\$ 10,000.00
			Secretary/Bookkeeper	\$ 60,000.00
			System Operator	\$ 10,000.00
17212-A	4/15/2014	La. Workers' Compensation Corporation	Workers' compensation	Statutory
RGP100007702	6/10/2014	The Republic Group	Business auto	
			Personal/adv injury limit	\$ 1,000,000.00
			Uninsured motorists	\$ 1,000,000.00
			Comprehensive/collision	Value or Cost
RGP107021603	6/10/2014	The Republic Group	General liability	
			General aggregate limit	\$ 2,000,000.00
			Products aggregate limit	\$ 2,000,000.00
			Each occurrence limit	\$ 1,000,000.00
			Medical limit, any one person	\$ 5,000.00
			Medical limit, annual	\$ 10,000.00
CIM5516576	6/23/2014	Republic Underwriters Insurance Co.	Commercial Property	
			Limit	\$ 152,000.00
			Deductible	\$ 1,000.00
			Coinurance	80%
			Personal property	20,000.00
0202-2089	9/22/2013	Stone Oak Insurance	Public Officials and Employees	
			General aggregate limit	\$ 1,000,000.00
			Each wrongful act	\$ 1,000,000.00
			Deductible each wrongful act	\$ 10,000.00

See Independent Auditors' Report



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPARATIVE DATA  
AUGUST 31, 2013  
(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b><u>SUMMARY OF STATEMENT OF REVENUES</u></b>					
Operating revenues	\$ 580,198	\$ 518,013	\$ 684,664	\$ 778,552	\$ 706,210
Cost of revenues - gas purchases	182,294	143,062	247,829	314,322	324,219
Gross profit	397,905	374,951	436,835	464,230	381,991
Operating expenses	346,839	351,101	340,101	303,319	303,467
Depreciation	34,890	32,308	32,894	21,258	24,499
Operating income (loss)	16,176	(8,458)	63,840	139,653	54,025
Non-operating revenues	56,265	4,310	50,466	6,232	23,353
Non-operating expenses	-	(233)	(1,872)	(2,345)	(3,132)
Net Income (Loss)	72,441	(4,381)	112,434	143,540	74,246

**OTHER DATA**

Capital assets	1,475,313	1,415,713	1,440,871	1,357,033	1,356,132
Net working capital	609,978	505,698	481,670	450,088	406,869
Total assets	1,166,772	1,098,025	1,139,025	1,027,120	893,119
Long-term liabilities	-	-	1,830	17,620	32,553
Total equity	1,056,947	984,506	988,887	886,422	742,881
Average no. of customers	1011	1,005	999	999	995
Total cubic feet of gas sold (MCF)	43,175	38,542	49,370	54,760	41,377
No. of customers:					
Residential	965	959	948	948	949
Commercial	41	41	41	41	41
3/4" meters	5	5	5	5	5

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
GAS LOSS SCHEDULE  
AUGUST 31, 2013  
(Unaudited)**

<u>Delivery Month</u>	<u>Price Per MCF</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gain (Loss) MCF</u>	<u>% Gain (Loss) MCF</u>	<u>Loss Acctd for MCF</u>	<u>Loss Unacctd for MCF</u>
September	\$ 3.0086	1,799	1,455	(344)	-19.12%		-344
October	\$ 3.3628	2,617	3,314	697	26.63%		697
November	\$ 3.7591	5,348	5,476	128	2.39%		128
December	\$ 3.7607	6,654	7,778	1,124	16.89%		1,124
January	\$ 4.1127	8,094	7,688	(406)	-5.02%		-406
February	\$ 3.6159	6,155	5,379	(776)	-12.61%		-776
March	\$ 4.0790	6,202	3,580	(2,622)	-42.28%	2,622	
April	\$ 4.3637	2,994	2,342	(652)	-21.78%	652	
May	\$ 5.1559	2,315	1,843	(472)	-20.39%		-472
June	\$ 5.1873	1,559	1,407	(152)	-9.75%		-152
July	\$ 4.6158	1,610	1,380	(230)	-14.29%		-230
August	\$ 4.4207	1,569	1,533	(36)	-2.29%		-36
Totals	\$ 49.4422	46,916	43,175	(3,741)		3,274	467
Annual maintenance						150	-150
Loss Accounted for						3,424	317
Loss Unaccounted for*							\$ 1,253.26

\* = weighted average cost

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
GAS LOSS SCHEDULE BY YEAR  
AUGUST 31, 2013  
(Unaudited)**

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<u>Year</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gas Loss (Gain), Net MCF</u>	<u>Gas Loss</u>	<u>% Loss MCF*</u>	<u>Unacctd for Loss MCF</u>	<u>Acctd for Loss MCF</u>
August 31,							
1999	45,316	42530	2,786 \$	7,823	6.15%	1,640	1,146
2000	48,966	45476	3,490 \$	11,650	7.13%	755	2,735
2001	60,445	56570	3,875 \$	28,917	6.41%	1,049	2,826
2002	51,626	47328	4,298 \$	22,855	8.33%	1,873	2,425
2003	55,770	51282	4,488 \$	27,143	8.05%	1,058	3,430
2004	51,519	49380	2,139 \$	11,228	4.33%	749	1,390
2005	45,023	43671	1,352 \$	14,824	3.00%	750	602
2006	44,983	42228	2,755 \$	44,280	6.12%	1,195	1,560
2007	49,261	45153	4,108 \$	42,435	8.34%	758	3,350
2008	55,085	42831	(9,065) \$	76,842	12.94%	331	8,734
2009	44,800	41377	(3,423) \$	23,260	6.28%	2,191	1,232
2010	59,213	54760	(4,453) \$	29,373	7.52%	2,473	1,980
2011	52,845	49370	(3,475) \$	20,477	4.18%	1,258	2,217
2012	41,850	38542	(3,308) \$	10,925	7.90%	2,012	1,296
2013	46,916	43,175	(3,741) \$	16,441	8.47%	317	3,424

\* = weighted average

*Unaccounted for losses are due primarily to normal maintenance and operations.*

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICINA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2013**

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Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<b>Major Programs</b>		
None		
<b>Non-Major Programs</b>		
<i>Delta Regional Authority</i>		
States' Economic Development Assistance Program (SEDAP)	90.200	<u>54,650.00</u>

**Notes to Schedules of Expenditures of Federal Awards  
Year Ended August 31, 2013**

**Basis of Presentation**

This schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Michael Bradford and Board Members of the  
Gas Utility District No. 2 of East Feliciana Parish  
P. O. Box 9  
Clinton, Louisiana 70722

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic unit financial statements, and have issued our report thereon dated February 10, 2014.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Gas Utility District No. 2 of East Feliciana Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility

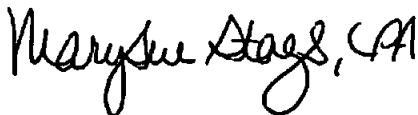
District No. 2 of East Feliciana Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
Baker, LA  
February 10, 2014

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2013**

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We have audited the financial statements of the Gas Utility District No. 2 of East Feliciana Parish as of and for the year ended August 31, 2013, and have issued our report thereon dated February 10, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of August 31, 2013, resulted in an unmodified opinion.

**Section I      Summary of Auditor's Reports**

**A.   Report on Compliance and Internal Control Material to the Financial Statements**

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Control Deficiency(ies)	■ No

**B.   Federal Awards**

N/A

**C.   Identification of Major Programs**

N/A

**Section II      Financial Statement Findings**

None

**Section III     Federal Award Findings and Questioned Costs**

None

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED AUGUST 31, 2013**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

None

**Section II      Compliance and Internal Control Material to Federal Awards**

None

**Section III      Management Letter**

None